

PLEASE READ
Important Information About the
City Budget and the November Election

PLEASE READ

Maintaining Essential City Services



MEASURE T INFORMATION



CITY OF MOUNTAIN VIEW

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CITY OF MOUNTAIN VIEW

Since 1970, Mountain View residents and businesses have paid a 3% utility users tax (UUT) on telecommunication services, gas and electricity to help fund essential City services. However, this 40 year old ordinance has not been updated to address innovations in telecommunication technology to ensure that residents and businesses continue to pay their equitable share of the UUT.

Recently, the City Council voted to place Measure T on the ballot for November 2, 2010. Measure T will update the City's UUT to make sure that it uniformly applies to all telecommunication technology with no distinction between calls within the state, between states, or internationally. This will include newer technology, like private telecommunication services and voice and video communication over the Internet.

The revenue funded by the UUT is part of the City's General Fund. The General Fund pays for important City services such as Police and Fire protection, parks and facilities maintenance, and Library and recreation programs. Measure T will help ensure that all businesses and residents continue to pay their equitable share for these services.

Measure T will not increase the tax rate. The tax rate for the UUT will remain at 3%, which is one of the lowest in the State. All expenditures funded by the UUT are subject to independent financial audits, which are a public record and can be viewed by the public at any time.

FREQUENTLY ASKED QUESTIONS

What is the Utility Users Tax (UUT)?

Since 1970, Mountain View residents and businesses have paid a 3% utility users tax (UUT) on telecommunications services, gas and electricity. Approximately one-third of California cities use this type of funding to provide essential local services. Mountain View’s rate of 3% is one of the lowest in the State.

Why is the UUT important?

In Mountain View, for Fiscal Year 2009-10, the telecommunication portion of the UUT provided \$1.8 million for General Fund services, such as Police and Fire protection, maintaining parks and facilities, and Library and recreation programs. Since 1970, it has been a vital revenue source to help the City maintain the high-quality general services on which residents and businesses rely. In recent years, this revenue source has grown even more important due to declines from the effects of the economic recession.

Why does the UUT need to be modernized?

Telecommunication advances in recent decades necessitate the update of the City’s UUT Ordinance to maintain its enforceability and protect these revenues in order to fund essential services. When the UUT was enacted 40 years ago, telecommunication services were much simpler. Today, many telecommunication services and plans are available through many service providers. The update will ensure that taxpayers, both residents and businesses, are treated equally regardless of technology or service provider used for telecommunication. In compliance with State law, voter approval is required to update the ordinance.

How will the Mountain View UUT be modernized?

To modernize the UUT, the City Council placed Measure T on the November 2010 ballot. All registered voters in Mountain View will have the opportunity to vote on Measure T, and it will need a majority of support in order to pass. The measure will update the existing ordinance to be uniformly applied to current telecommunications technology with no distinction made between calls within the state, between states, or internationally. Internet access, e-mail, video programming services and digital downloads are not currently taxed and will not be taxed under Measure T. Currently, traditional landline service and wireless service technologies, including texting, are subject to the UUT, while Voice Over Internet Protocol services are inconsistently taxed. With passage of Measure T, any technology that provides telecommunication will be subject to the UUT.

Will Measure T change the current tax rate?

No, it will remain at 3%, which is one of the lowest rates in the State.

What will this change cost me?

The cost will depend on your telecommunication services and usage. The rate is not changing, but interstate and international long-distance calls will be included in the UUT. Depending on your service provider’s current practice as to whether or not they account for intrastate and interstate calls separately, your bill may not change at all, or it may increase slightly. Residents and businesses will need to review

the specifics of their own billing plans or ask their service provider to make a precise estimate based on their telecommunication usage.

Are other California cities modernizing their Utility Users Tax?

Yes, of the approximately 150 cities that have UUTs, approximately one-third have already modernized them.

Does everyone share in the cost of the UUT?

Yes, Mountain View renters, homeowners and businesses are all subject to the UUT. Measure T will make sure that it applies consistently, regardless of technology used for telecommunication. For example, many Mountain View businesses have started using private telecommunication services for communication. This means, in many cases, they are no longer contributing to the UUT. Measure T will ensure that they will pay their fair share regardless of technology used.

How will UUT revenue be impacted by the update?

The tax rate of 3% is not being changed, but it is difficult for the City to predict how UUT revenue will be impacted because the City does not have access to resident or business telecommunication records. The UUT’s application to interstate and international calls, private telecommunication services and data lines could generate additional revenue, while consumer changes to less expensive telecommunication services could reduce revenue. The City is not able to estimate the net UUT revenue impact.

What steps has the City of Mountain View taken to deal with budget challenges?

To achieve a balanced budget for Fiscal Year 2010-11, the City has reduced the size of its workforce, contained employee compensation costs, reduced service levels in some programs/services and increased cost-recovery in some programs/services. More information about the City’s budget challenges and actions taken is available on the City’s web site at: www.mountainview.gov

What will happen if Measure T does not pass?

If the UUT is not modernized, then an approximately \$1.8 million revenue source for General Operating Fund services remains at risk. Loss of this revenue source due to its enforceability or due to telecommunication technology changes would impact funding that helps maintain many critical services.

How do we know that funds will continue to be spent responsibly?

All expenditures funded by the UUT are subject to, and will continue to be subject to, independent annual financial audits.

How can I get more information about Measure T?

For further information about the UUT and Measure T, please call the City of Mountain View City Manager’s Office at (650) 903-6301, or visit the City’s web site at: www.mountainview.gov

